

# Analysis of Planning and Budgeting Consistency Towards Budget Absorption at the Office of the Secretary General of the Ministry of Religion of Kepulauan Aru Regency from 2019 to 2023

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## ABSTRACT

The purpose of this study was to determine and analyze the effect of planning on budget absorption, the effect of budgeting on budget absorption, partially and simultaneously. The research methodology used is descriptive quantitative.

The data used in this study are secondary data obtained from documents related to planning and budgeting for the office of the Secretary General of the Ministry of Religion of the Kepulauan Arus Regency, especially in 2019-2023.

Based on the results of data analysis and discussion, it can be concluded that planning has a significant effect on budget absorption at the Office of the Secretary General of the Ministry of Religion of the Kepulauan Arus Regency, Planning and budgeting have a significant effect together on budget absorption. However, budgeting has no effect on budget absorption at the Office of the Secretary General of the Ministry of Religion of the Kepulauan Arus Regency..

**Keywords:** Planning, budgeting, budget absorption

Date of Submission: 20-07-2024

Date of acceptance: 03-08-2024

## I. INTRODUCTION

Economic development in the region must start from budget planning in the region which starts from directing activities as guidelines for activities to achieve regional development goals, as well as improving the use of available public resources (Ridwan and Nasar, 2017).

Planning is necessary because the needs of the community are unlimited, while the available resources (budget) are limited. The function of planning is to provide explanations and provide a mechanism for rational and responsible decision making on various options (Pau et al., 2020). Consistency between planning and budgeting is important because it is an indicator in assessing local government performance, so that all government programs and activities run well to achieve predetermined goals. This greatly affects the achievement of the vision, mission, goals, objectives and policies that have been planned in planning documents and has an important role in implementing development to improve community welfare through programs aimed at improving the quality of human resources and increasing economic growth.

The Office of the Secretary General of the Ministry of Religious Affairs of the Kepulauan Arus Regency is highly dependent on transfer funds from the central government. Therefore, efficiency and effectiveness of expenditure is required through the integration of planning and budgeting. The planning process must begin with a proper understanding of the problems, constraints, objectives and targets to be achieved, and be conducted by professional planners. Based on the 2004 SPPN, there are five development planning documents that need to be prepared:

1. National/Regional Long-Term Development Plan (RPJPN/D) for 20 years.
2. National/Regional Medium-Term Development Plan (RPJMN/D) for 5 years.
3. Strategic Plan (Renstra) of SKPD for 5 years.
4. Government Work Plan (RKP)/Local Government Work Plan (RKPD) for 1 year.
5. Institutional Work Plan (Renja) SKPD for 1 year.

Since the issuance of Law No. 25/2004 on SPPN and Law No. 32/2004 on Regional Government, the development planning system must be improved to ensure development effectiveness. Therefore, every autonomous region has a Regional Development Planning Agency (BAPPEDA), including in Kepulauan Aru Regency, Maluku Province. BAPPEDA is needed to ensure that regional development planning runs well, with the participation of the

community and public participation. However, inconsistencies between planning and budgeting are often found, leading to revisions of the RPJM document (Ajizah, et al., 2021).

Good development is basically expected to reflect comprehensive changes to a society or adjustments to the social system as a whole, but without ignoring various differences in the basic needs and desires of individuals and social groups within it (Todaro, 2006).

The phenomenon of under-absorbed budgets at the beginning of the year, but forced absorption at the end of the year often occurs. This is an interesting discussion because budget absorption generally only has a high acceleration at the end of the year. Meanwhile, at the beginning of the year, it is generally difficult to realize what the public expects. Low budget absorption certainly has adverse implications for the performance of a Local Government (LG).

From various literatures, it appears that there are several factors that contribute to low budget absorption. First, there is an excessive fear (legal impact) of each apparatus in various institutions related to the use of the budget. Second, many institutions do not have a mature, clear and measurable planning concept. Third, the lack of understanding of the apparatus in various institutions related to the mechanism of budget use and its accountability model.

Consistency between planning and budgeting also affects the achievement of an organization's performance targets, in other words, the higher the realization illustrates the achievement of a better achievement level plan. From the above explanation, the researcher is interested in examining the extent to which the consistency of planning and budgeting and its implications for the achievement of performance targets at the office of the Secretary General of the Ministry of Religion of Kepulauan Aru Regency

## **II. THEORY**

Planning and budgeting are two different stages but support and depend on each other. A program and activity plan will not be able to function optimally without being supported by the availability of an adequate budget, and a budgeting cannot function without having a basic plan that will be implemented.

The link between planning and budgeting is regulated in Law Number 25 of 2004 concerning the National Development Planning System which is defined as a unity of development planning procedures to produce long-term, medium-term and annual development plans implemented by elements of state and community administrators at the central and regional levels. One of the main objectives in the national development planning system is to ensure linkages and consistency between planning, budgeting, implementation and monitoring.

The planning and budgeting system is a combination of information flow and administrative processes, as well as the organization and coordination of various activities. Budgeting is an effort to realize long-term goals by producing the outputs needed to support the goals to be achieved. The estuary of planning and budgeting is the achievement of goals to be achieved in the long term. For this reason, short- and medium-term development planning must be in line with the objectives of long-term development planning. A mismatch in the allocation of the dimensions of short- and medium-term development planning will lead to the non-achievement of the objectives of the implementation of regional development planning.

Previous research by Fitri (2012) stated that the analysis of consistency between planning documents and working documents in the health sector, found 91 percent of the suitability of the RKPD document with the Health Sector Budget Implementation Document, and the consistency of the program was found to be 58.82 percent, while the consistency of activities was only 32.84 percent, other research conducted by Anantha (2015) concluded that showed that the consistency of planning and budgeting at BPBD Tanah Datar Regency in 2011 - 2015 was very low which resulted in unsynchronized planning documents and budgeting documents.

According to the results of Osrinda's research (2016) the consistency between planning and budgeting documents at Bappeda Merangin Regency is consistent. The highest consistency is in the RKA and DPA documents. This is also supported by research by Osrinda and Delis (2016) which states that planning and budgeting in SKPDs contribute greatly to the success of planning and budgeting in the regions. The assessment of consistency between programs and activities was carried out using a matrix and in-depth interviews with relevant resource persons. The results obtained show positive results on the level of consistency in the work plan with budget implementation.

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### III. METHODOLOGY

The method used in this research is a descriptive method, which using this method will be able to describe the consistency between financial planning seen through the Regional Government Work Plan (RKPD) of the Secretary General's office of the Ministry of Religion of the Kepulauan Aru Regency 2019-2023 and the APBD of the Secretary General's office of the Ministry of Religion of the Kepulauan Arus Regency 2019-2023.

The data used in this study are primary data obtained through observation and in-depth interviews with several informants, and secondary data obtained from documents related to the planning and budgeting of the office of the Secretary General of the Ministry of Religion of the Kepulauan Aru Regency, especially in 2019-2023. These documents include: Renstra, RPJMD, APBD, RKPD, and the Education Profile of the Secretary General's office of the Ministry of Religion of the Kepulauan Aru Regency 2019-2023.

Descriptive analysis is used to describe or describe the state of each variable, which includes variables of planning consistency, budgeting as an independent variable and budget absorption as a dependent variable.

### IV. RESULT

Simultaneous test results can be presented in the following table

**Table 1.** Research Results Statistical FTesting Results

		Anova				
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	103,491	2	51,475	10,584	.00 <sup>b</sup>
	Residual	132,009	27	4,889		
	Total	235,500	29			

- a. Dependent Variable: Budget Absorption
- b. Predictors: (Constanta), Budgeting, Planning

Source: research results processed (2024)

The results of hypothesis testing suggest that simultaneously and partially the planning and budgeting variables have a significant effect on budget absorption. This shows that planning and budgeting are factors that can support an increase in budget absorption at the Office of the Secretary General of the Ministry of Religion of the Kepulauan Arus Regency.

#### 1. The Effect of Planning on Budget Absorption

The results of testing the effect of the planning variable partially on the budget absorption variable show a significance level of 0.003 which is smaller than  $\alpha = 0.05$  and a regression coefficient of 0.463. This is in accordance with the research hypothesis that planning has a significant effect on the budget absorption variable. The results of this study are in line with the results of research conducted by Ferdinan, et al (2020) Ratag, et al (2019), Dwiyana (2017) Sudasri (2016), Malahayati (2015), that planning has a positive and significant effect on the level of SKPD budget absorption.

The results of this study are also in line with goal setting theory, where goal setting must begin at the planning stage, because planning is the first step that affects whether or not a goal called budget absorption is achieved. Not only that, the results also support the use of agency theory, where the government is the principal, and the work unit is the agent who receives orders from the principal to carry out tasks on behalf of the principal. The contractual relationship between the agent and the principal in this study can be realised if it is accompanied by good planning and has been carefully considered. The level of success of contractual performance between the agent and the principal will be seen from the amount of budget absorption produced.

#### 2. The Effect of Budgeting on Budget Absorption

The results showed that the budgeting variable had a significance value of 0.440 greater than the significance level  $\alpha = 0.05$ , so the proposed hypothesis was rejected, so it can be concluded that based on statistical tests the variable had no significant effect on budget absorption. When viewed from the average respondent's answer to the variable, there are still many respondents who answer that budgeting is only a recording system and cannot determine budget absorption. In addition, financial management employees at the Office of the Secretary General of the Ministry of Religion of the Kepulauan Arus Regency also do not find it difficult to record the budget in accordance with the applicable mechanism.

This research is in line with the research of Yuliani (2020) and Pancawati (2016) that budgeting has no effect on budget absorption. The test results conducted by Pancawati (2015) found that budgeting had no significant effect on budget absorption, this can be seen from the t-test value of - 0.165 with a significance level of - 0.888 (above 5%). Yuliani (2020) also found the same result, where the significance figure of 0.476 was greater than 0.025. This is because the recording of budgeting in each UPTD Puskesmas is currently well understood in terms of knowledge, skills and abilities of human resources. However, the results of this study differ

from research conducted by Afifah (2021) which suggests that budgeting competence has a positive and significant effect on budget absorption in Regional Work Units in Medan City.

### **3. The Effect of Planning and Budgeting on Budget Absorption**

Based on the results of statistical tests conducted, the significance value of F is 0.000 less than the value of  $\alpha = 0.05$ , it can be concluded that the proposed hypothesis is accepted. This means that together (simultaneously) budget planning and budgeting affect the budget absorption variable at the  $\alpha = 5\%$  significance level. An activity budgeting programme can be completed properly if there is careful planning and adequate availability.

The results of this study are in line with research conducted by Sudasri (2016) where planning and budgeting simultaneously affect budget absorption. The results of this study also support agency theory which makes budget absorption a measure of the success of the contractual relationship between the principal and the agent, and to achieve the success of the contractual relationship, each agent (employee) is required to have a high ability to prepare careful planning, this ability is of course also based on the availability of an adequate budget. As in other theories, namely goal setting theory states that work units that have set goals / objectives will more easily achieve the desired results, namely in the form of budget absorption.

## **V. CONCLUSION**

Based on the results of data analysis and discussion, it can be concluded that planning has a significant effect on budget absorption at the Office of the Secretary General of the Ministry of Religion of the Kepulauan Arus Regency, Planning and budgeting have a significant effect together on budget absorption. However, budgeting has no effect on budget absorption at the Office of the Secretary General of the Ministry of Religion of the Kepulauan Arus Regency.

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